



Broadcasting Ltd.

Nineteen Hundred and Seventy-Seven Annual Report

Q BROADCASTING LTD. and subsidiary companies

Registered Office

1134 Burrard Street, Vancouver, B.C. V6Z 1Y8

Board of Directors

J.E. STARK, Chairman, Q Broadcasting Ltd.

W.E. BELLMAN, President, Q Broadcasting Ltd.

A.F. TATUM, Secretary, Q Broadcasting Ltd.

R.L. CLIFF, Chartered Accountant

E.M. LAWSON, President of the Teamsters Joint Council No. 36

Twelfth Vice-President of the International Teamsters

A.D. STANLEY, Chartered Accountant

Officers

J.E. STARK, Chairman, Q Broadcasting Ltd.

W.E. BELLMAN, President, Q Broadcasting Ltd.

M.L. FOISY, Vice President-Programming (Vancouver)

N.L. HULLAH, Vice President-Sales (Vancouver)

A.F. TATUM, Secretary, Q Broadcasting Ltd.

Transfer Agents

MONTREAL TRUST COMPANY, Vancouver

Auditors

THORNE RIDDELL & CO.

Consolidated Statement of Retained Earnings

Year ended August 31, 1977

	1977	1976
Retained earnings at beginning of year	\$1,731,846	\$1,397,233
Add net income	<u>573,780</u>	<u>436,757</u>
	<u>2,305,626</u>	<u>1,833,990</u>
Deduct dividends on		
Class A shares	108,273	101,904
Common shares	<u>255</u>	<u>240</u>
	<u>108,528</u>	<u>102,144</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$2,197,098</u>	<u>\$1,731,846</u>

Consolidated Statement of Income

Year ended August 31, 1977

	1977	1976
Gross revenue	<u>\$4,772,861</u>	<u>\$4,097,455</u>
Expenses		
Operating	1,830,162	1,760,897
Selling, general and administrative	1,741,838	1,341,117
Depreciation and amortization	<u>148,396</u>	<u>181,636</u>
	<u>3,720,396</u>	<u>3,283,650</u>
Income from operations	1,052,465	813,805
Add		
Interest earned	99,549	69,079
Gain on disposal of fixed assets	<u>1,510</u>	<u>602</u>
Income before income taxes	1,153,524	883,486
Income taxes	<u>579,744</u>	<u>446,729</u>
NET INCOME	<u>\$ 573,780</u>	<u>\$ 436,757</u>
EARNINGS PER SHARE	<u>\$1.35</u>	<u>\$1.03</u>

Q BROADCASTING LTD. and subsidiary companies (Incorporated under the laws of British Columbia)

Consolidated Balance

Assets

	1977	1976
CURRENT ASSETS		
Cash and term deposits	\$1,193,491	\$ 893,359
Accounts receivable	770,437	786,551
Prepaid expenses	87,562	104,675
	<u>2,051,490</u>	<u>1,784,585</u>
OTHER ASSETS		
Life insurance, cash surrender value	12,204	11,063
Investment, at cost	<u>1,000</u>	<u>1,000</u>
	<u>13,204</u>	<u>12,063</u>
FIXED ASSETS, at cost		
Buildings	327,400	327,400
Equipment	2,269,064	1,958,636
Automobiles	60,710	55,771
Leasehold improvements	167,987	92,031
	<u>2,825,161</u>	<u>2,433,838</u>
Less accumulated depreciation and amortization	<u>1,804,285</u>	<u>1,669,107</u>
	<u>1,020,876</u>	<u>764,731</u>
Land	<u>99,857</u>	<u>99,857</u>
	<u>1,120,733</u>	<u>864,588</u>
EXCESS OF COST OVER BOOK VALUE AT DATE OF ACQUIRING SHARES OF SUBSIDIARIES	<u>591,142</u>	<u>591,142</u>
	<u>\$3,776,569</u>	<u>\$3,252,378</u>

et as at August 31, 1977

Liabilities

	1977	1976
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 323,173	\$ 399,038
Unearned income	18,528	18,528
Income taxes payable	292,886	178,064
	<u>634,587</u>	<u>595,630</u>
DEFERRED INCOME TAXES	<u>77,684</u>	<u>57,702</u>

Shareholders' Equity

CAPITAL STOCK		
Authorized		
1,500,000 Non-voting Class A shares without nominal or par value		
1,000 Common shares without nominal or par value		
Issued		
424,600 Class A shares	867,000	867,000
1,000 Common shares	200	200
	<u>867,200</u>	<u>867,200</u>
RETAINED EARNINGS	<u>2,197,098</u>	<u>1,731,846</u>
	<u>3,064,298</u>	<u>2,599,046</u>
	<u>\$3,776,569</u>	<u>\$3,252,378</u>

Approved by the Board

J. E. STARK, Director

W. E. BELLMAN, Director

Consolidated Statement of Changes in Financial Position
Year ended August 31, 1977

	1977	1976
WORKING CAPITAL DERIVED FROM		
Net income	\$ 573,780	\$ 436,757
Items not involving working capital		
Depreciation and amortization	148,396	181,636
Deferred income taxes	19,982	7,106
Gain on disposal of fixed assets	(1,510)	(602)
	<u>740,648</u>	<u>624,897</u>
Proceeds from disposal of fixed assets	9,550	4,093
	<u>750,198</u>	<u>628,990</u>
 WORKING CAPITAL APPLIED TO		
Additions to fixed assets	412,581	174,193
Dividends	108,528	102,144
Increase in other assets	1,141	2,285
	<u>522,250</u>	<u>278,622</u>
 INCREASE IN WORKING CAPITAL	227,948	350,368
WORKING CAPITAL AT BEGINNING OF YEAR	1,188,955	838,587
WORKING CAPITAL AT END OF YEAR	<u>\$1,416,903</u>	<u>\$1,188,955</u>

Auditors' Report

To the Shareholders of Q Broadcasting Ltd.

We have examined the consolidated balance sheet of Q Broadcasting Ltd. as at August 31, 1977 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at August 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
October 21, 1977

THORNE RIDDELL & CO.
Chartered Accountants

Notes to Consolidated Financial Statements
Year ended August 31, 1977

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the accounts of Q Broadcasting Ltd. and its subsidiary companies, all of which are wholly-owned. Active subsidiary companies included in the consolidated financial statements are CKPG Television Limited and Radio Station CKPG Limited.

(b) Fixed assets

Depreciation and amortization are provided to amortize the cost of fixed assets over their estimated useful lives using the following annual rates:

(i) Straight-line basis

Buildings	5-10%
Equipment	10%
Leasehold improvements	over life of lease

(ii) Diminishing balance basis

Automobiles	30%
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(c) Excess of cost over book value at date of acquiring shares of subsidiaries

This amount is not being amortized because the company does not consider any diminution in value to have occurred.

2. COMMITMENT

The company presently occupies certain facilities under a long-term lease agreement expiring in 1986 requiring base rentals of \$24,000 per annum.

3. ANTI-INFLATION LEGISLATION

The company is subject to the dividend restrictions of The Anti-Inflation Act.

4. STATORY INFORMATION

Aggregate remuneration of directors and senior officers for the year ended August 31, 1977 amounted to \$312,012.

